

**Minnesota Forest Resources Council**  
**Minutes**  
**Shoreview Community Center**  
**January 23, 2013**

**Members Present:** Bob Stine (Chair), Greg Bernu, Forrest Boe, Wayne Brandt, Alan Ek, Shaun Hamilton, Darla Lenz, Bob Lintelmann, Gene Merriam, Bob Owens, Dave Parent, Kathleen Preece, Mary Richards, Susan Solterman Audette, Mike Trutwin

**Members Absent:** Dale Erickson, Shawn Perich

**Staff Present:** Dave Zumeta, Lindberg Ekola, Calder Hibbard, Rachael Nicoll, Derik Olson, Jeff Reinhart, Rob Slesak, Clarence Turner

**Guests:** Don Arnosti (Audubon), Peter Bundy (private forestry consultant), Dave Chura (MLEP), Anna Dirkswager (MN DNR), Dave Epperly (private forestry consultant), Lee Frelich (UMN), Don Janes (private landowner), Mike Kilgore (UMN), Jon Nelson (MN DNR), Tim O'Hara (MFI), Craig Schmid (MN DNR), DeAnn Stish (MFI), Aaron Vande Linde (MN DNR), Kevin Walli (MFA)

**Chair's Remarks**

Bob Stine began the meeting with introductions by guests, members, and staff. He announced the release of Governor Dayton's proposed FY14 budget and noted that the MFRC budget for FY14 is proposed to remain unchanged.

**Public Input/Communication to the Minnesota Forest Resources Council**

None.

**Approval of November 14, 2012 Meeting Minutes\***

Wayne Brandt approved, and Mike Trutwin seconded, the November 14, 2012 meeting minutes. *The minutes were unanimously approved.*

**Approval of January 23, 2013 Meeting Agenda\***

Wayne Brandt approved, and Mike Trutwin seconded, the January 23, 2013 meeting agenda. *The agenda was unanimously approved.*

**Executive Director Remarks**

Dave Zumeta presented the 2012 Annual Report to the Governor and legislature for Council approval. He explained that it contains less material than in previous years due to the transition in the Information Specialist position.

The Council could not officially vote to approve the report at this meeting, but approval was required by the February 1, 2013 statutory deadline. Bob Stine said he would use his executive authority to approve the report and reiterated the importance of meeting this deadline. Dave asked Council members to submit comments on the report by January 15, 2013.

Alan Ek inquired about the absence of a "State of the Forest" report that would include major issues dealt with in the previous year. Shaun Hamilton agreed with the need for this addition. Dave

Zumeta replied that a “State of the Forest” section was included in the 2011 Annual Report, but time constraints prevented inclusion this year; however, current forestry issues are covered in the Policy section of the 2012 draft report. MFRC staff will ensure that this section is included in future annual reports.

Dave yielded the remainder of his time to the new MFRC Information Specialist, Rachael Nicoll; she introduced herself and gave a brief summary of her background.

## **Committee Reports**

### *Personnel and Finance*

Bob Stine reported that the committee met on December 4, 2012. The committee determined that funds are not available to publish printed copies of the revised guidelines. A PDF document will be published online. Dave Chura commented on the usefulness of a printed version for loggers, as they cannot access a digital file in the field.

Wayne Brandt asked about the availability of grant funding for printing. Rob Slesak informed the Council that he is seeking Legislative-Citizen Commission on Minnesota Resources (LCCMR) funds for digital distribution, as this type of media is cost-saving and increasingly popular. The potential also exists to create an interactive web guide, which the LCCMR may be willing to fund.

Gene Merriam asked about the costs of printing, as he would favor a printed version. Rob Slesak replied that the estimate is in excess of \$50,000. This prompted Greg Bernu to suggest simply printing inserts to include the revisions. Dave Zumeta responded that this would be very difficult, and Rob added that there are too many revisions and too much overlap in the guidelines to utilize inserts.

Alan Ek then inquired about the cost of putting the guidelines on the web. Rob estimated \$70-80,000, but expects this could be accomplished for a smaller amount if completed internally. Wayne countered that web costs may be higher than expected. Bob then concluded that a PDF document is good initial method to publish the revisions in a quick, cost-effective manner. Wayne mentioned the possibility of printing and selling copies of the guidelines. MLEP has done something like this, and with a PDF version of the guidelines online, anyone could potentially sell them.

### *Site-Level*

Dave Parent reported that the committee met on January 8, 2013. Members discussed the publication of the revised guidelines and tried to identify content to put into a potential printed field guide. He noted the limitations for use by private landowners because of the technical knowledge requirement. Dave also noted that the Committee discussed the modified monitoring program that DNR has developed with staff. Members also addressed the creation of an ad hoc committee, with participation by several organizations, to identify content to be included in the field guide and begin development of guideline implementation goals.

### *Landscape Planning/Coordination*

No meeting was held since the November 14, 2012 MFRC meeting.

### *Forest Resources Information Management*

Calder Hibbard reported that a meeting is planned for February 11, 2013 in Grand Rapids, MN. Meetings scheduled in late 2012 were postponed due to poor weather conditions.

### **Written Communications to the MFRC**

None.

### **Committee of the Whole: Private forestland study approval**

Bob Stine said his goal is to get the MFRC to approve the private forestland study today, as well as to address any remaining questions and concerns. Staff plans to submit the report to the legislature by January 25, 2013.

Calder Hibbard explained that the current document is a draft, and that the MFRC will release a final document with a cover page before the report is finalized. Dave Zumeta added that there is only grammatical editing to do. Wayne Brandt then asked who put the report together. Bob Stine replied that MFRC staff created it, with external suggestions.

Gene Merriam asked how the Sustainable Forestry Incentives Act (SFIA) cap is addressed in the report. Dave responded that this issue is addressed on page 28, Recommendation 1a, in the draft report. Wayne suggested including the recommendations immediately following the Executive Summary as well as later in the report. Staff agreed to do this.

Greg Bernu raised concerns about making changes in how local property taxes are collected, and objected to Recommendations 1b through 1e, unless the State offers to supplant predicted losses in revenue through increased property taxes. Bob added that the language in Recommendation 1e could be clarified.

Alan Ek also asked for clarification of Recommendation 1e and suggested including local consideration of forests in local planning and communication, as well as the mechanisms for making this happen. He further suggested using wording from the previous parcelization study.

Dave Parent raised concerns about capacity to write stewardship plans for landowners to maintain their eligibility for the 2-c tax reduction classification. Wayne said he views the recommendations as a “menu” of options for the legislature to review. He sees all the recommendations as having utility and that they should all be forwarded to legislators. The report would be greatly weakened if some of the recommendations were removed. Calder replied that this was exactly the staff’s intent – that the recommendations be considered as a menu of options.

Shaun Hamilton said it would be helpful to indicate the number of acres potentially affected by various recommendations. Wayne responded that legislators have better access to this information than MFRC staff. Shaun replied that he was only suggesting pulling numbers from the report.

Gene suggested that the recommendations be better focused and connected to the body of the report (e.g. he could not find reference to Recommendation 1e in the main body of the text, and that Recommendation 4a is not explicit enough). Shaun suggested splitting Recommendation 4 into

two parts and tie the second part (consistent tax treatment of land with an easement) to Recommendation 1e.

Bob Owens asked if the DNR is the current enforcing agency for conservation easements, and if this role will continue in coming decades. Dave Zumeta and Forrest Boe responded that this is correct for most forest conservation easements in Minnesota, since the DNR holds the vast majority of these easements.

Greg asked if SFIA should be listed as a tax program, when it is really an incentive program. Wayne responded that it is both. Shaun suggested emphasizing the permanent nature of conservation easements in the report, as opposed to the temporary nature of tax programs.

Wayne Brandt moved to approve the private forestland study. Kathleen Preece seconded the motion.

Wayne Brandt then amended motion to approve the study recommendations and to authorize the Chair to work with staff to incorporate the recommendations made by MFRC members and approve final draft. Kathleen Preece seconded the amended motion. *The motion passed 14-1 (Nay vote: Greg Bernu).*

#### **Survey of private forestry consultant capacity**

Forrest Boe introduced Peter Bundy, consulting forester with Masconomo Forestry, to provide a summary of the study of private forestry consulting capacity that he did for the Council. Peter began by thanking the Council for funding the study and then summarized the study's purpose. The design of the 2012 consulting forester survey was modeled after an earlier 2006 study. The 2012 study had an 86 percent response rate.

Peter explained that the majority of consulting foresters work with family forest-land, and 25 percent are half time, retired public foresters, with an average of 15 years of consulting experience. A high turnover rate exists in this field as well as an increased capacity, as measured by number of businesses. Most consultants are not looking to expand their respective businesses.

A high number of forested acres in stewardship plans have been written by consultants. Most consulting foresters, about 80 percent, set up timber sales. These sales represent 10 percent of the total harvest in Minnesota, and the average sale size is fairly large. Many consulting foresters do not see opportunities in harvesting pulp but see a future in providing many new services, such as Timber Stand Improvements (TSI), invasive species control, and trail design and building. However, less than half of consultants conduct planting at small scales.

Most consulting foresters believe that the SFIA and 2-C tax programs have helped increase or improve their services. A greater number of their clients apply for 2-C tax reductions versus SFIA. Many consultants are replacing DNR foresters in plan writing due to reductions in the state's Private Forest Management program, and the amount of family forest-land acres affected by consultants has remained stable since 2006. About a third of consultants believe that cost-share programs, like 2-C, have increased stewardship on private lands.

Consulting foresters generally see opportunities in the following areas: wildlife habitat improvement projects, restoration projects, sawtimber markets, biomass markets, urban forestry, planting projects, and others. They see several challenges to the future of their businesses such as adapting to changing market conditions, marketing to prospective clients, utilizing new technology, client satisfaction, regulatory considerations, and liability issues.

Finally, Peter laid out recommendations to improve consulting forestry capacity, including potentially adding a consulting representative to the MFRC. He also emphasized the importance of strengthening the 2-C and SFIA programs, examining the costs and benefits of other forestry incentive programs, and continuing the privatization of the stewardship program.

Following the presentation, Greg Bernu asked how many foresters consider consulting to be their main source of income, what the education requirements are, and about certification opportunities. Peter replied that a 4-year degree is necessary, and often, the consulting forester is often already a DNR-approved plan writer, but the survey did not ask about other sources of income. Bob Owens inquired about the potential for consulting foresters to expand their services to improving degraded agricultural land. Dave Zumeta responded that the MFRC has already completed a study of this and cited cultural challenges to this expansion related to farming traditions. Alan Ek requested Peter's opinion on the effectiveness of digital media on improving communication and coordination. Peter responded that these tools are important, but personal interaction is still essential.

A PDF document of the study will be added to the MFRC website.

### **Implementation of DNR Trust Land Operational Order**

Forrest Boe introduced Aaron Vande Linde, DNR School Trust Administrator. Aaron provided some introductory facts about DNR School Trust Lands. There are 2.5 million acres of school trust land, mostly located in Koochiching, Itasca, and St. Louis counties. Much of this land is in swamp trust.

Aaron next covered Operational Order 121. The order reiterated the policy statement from 2012 legislation that mandated the DNR to favor maximizing long-term economic return on Trust Lands over managing for a range of benefits, such as recreation and conservation of natural resources. However, these goals are often complementary. The Trust must be compensated if a DNR policy designation on a parcel prohibits long-term economic return. A five year deadline for compensation has been established, and a report is due to the legislature by December 31, 2013. A second report of lands retained without compensation is due by July 1, 2018. The law also plans action to centralize management by creating a Trust Administrator position in the Department of Administration, an interdisciplinary School Trust Team, as well as a business plan with emphasis on communication. The Division of Forestry will continue act as the main trust land manager. Additionally, the legislation allows sale of school trust lands adjacent to public waters without legislative approval.

Aaron spoke further about the Trust Inventory, due in five years. A data-gathering process to describe lands with the capability to generate long-term revenue has begun. Inventory

classifications do not replace future management decisions, and all decisions will be made with DNR processes in place; however, not all acres have the ability to generate revenue (e.g. swamps). Revenue from School Trust Lands constitutes less than 1 percent of the education budget, but it makes a difference for individual school districts. Dave Parent asked if the productive forest classification includes recreation uses. Aaron replied it does not, as these uses are not considered the "highest-and-best use" of the parcel. He added that the inventory is looking for internal conflicts within parcels. Mike Trutwin asked if development will actually occur on parcels with the real estate designation. Aaron responded that the classification is just considered a potential management strategy.

Aaron explained some of the major trust land projects: 1) *Boundary Waters Canoe Area Wilderness*: DNR is to expedite transfer of as much as possible of 86,000 school trust land acres located in the BWCAW to federal ownership. USFS is completing a feasibility analysis of this transfer. The State is asking not to share in the cost because these parcels have not produced state revenue in decades. 2) *Lake Vermillion Pilot Project*: 2012 change to M.S.92.45 permits sale of school trust lands, including 16 miles of shoreline with high real-estate value. A review and analysis of real estate potential is planned. 3) *Wetland bank proposal*: potential sale of approximately 10,000 acres of swamp trust land. A review and analysis of economic potential is planned. The DNR is considering selling this land for mining development, but a potential conflict of interest exists.

### **Changes to DNR Extended Rotation Forest (ERF) Policy**

Forrest Boe introduced Craig Schmid, Acting Deputy Director of the DNR Division of Forestry. The Division of Forestry is adopting an adaptive approach toward ERF by considering forest conditions and harvest levels. The previous approach was created 20 years ago under very different conditions: thus the need for change. The definition of ERF is a forest that is managed beyond normal rotation age, and this "normal" rotation range is under evaluation for many even-age species. The DNR has maintained this as a publicly evaluated process.

Craig described the ERF review process. The GEIS included projections about ERF amounts based on expectations for growth in harvest levels. Overall, there are now more older forests in Minnesota than in the mid-1990's, and the current amount of older forests on DNR lands is over the SFRMP goals. Management for older forest properties has been formalized over the past 20 years with guidelines, certification, etc. There are revenue implications of this management, such as income to the School Trust. There is a need to represent a full range of age classes on DNR lands.

Craig said that the policy recommendations include an adaptive approach, which involves creating and implementing strategies, monitoring, and changing them if necessary. Forestry in MN will continue to be dynamic, and there are many evolving challenges. A new monitoring team has been formed that will evaluate economic aspects of rotation ages. The goal of the revised ERF policy is to form a new, coordinated monitoring approach, involving all levels of government. Monitoring will involve a three-pronged approach: Stand Exam Layer, utilizing double intensity FIA, and developing plot-based inventory and monitoring systems. The revised ERF policy calls for monitoring reports every five years and monitoring of harvest levels. These reports set a trigger point at 3.5 million cords for re-evaluating the ERF policy.

Forrest Boe introduced Lee Frelich, Professor, University of Minnesota Department of Forest Resources, who described ecological concerns related to the proposed policy changes. Lee explained that the description of the policy itself was vague and raised the question of whether inventory tasks can accurately measure small percentages of older forest. Leave trees and patches within clearcuts do not constitute working older forest. Overall, Lee was not too concerned with the change in policy but cautioned the need to avoid problems experienced in Scandinavia, such as loss of course woody debris, which mimics conditions after natural disturbance, including microhabitats. However, Lee doesn't believe we're close to that situation in Minnesota. He mentioned the importance of considering the entire matrix of the landscape: only 5-10 percent of the land is under natural conditions (pre-European settlement). The ERF condition lies somewhere between rotation age and natural conditions. Finally, Lee said that the 3.5 million cord harvest level trigger may be ecologically acceptable. Shaun Hamilton asked Lee about the effect of ERF policy on special ecological concerns. Lee said the best way to address these is on larger tracts of land.

Forrest Boe next introduced Mike Kilgore, Professor, University of Minnesota Department of Forest Resources, to provide an economic analysis of the proposed policy. Mike addressed the need for a revised policy. He covered trends in the extent of older forests in Minnesota: in the past 30 years, there has been a loss of young forests and an accumulation of older forests, and decreased harvesting has had a major impact on accelerating accumulation of older forests. For example, in 2008, harvest impacted less than one-tenth of one percent of Minnesota's. DNR should focus on frequent monitoring and reporting all forest conditions across all ownerships. Policies that favor certain age classes rarely maximize forest benefits; therefore, the ERF policy revisions should attempt to represent all age classes.

Craig opened the presentation up to questions. Bob Stine asked if we have too much old forest. Mike responded that we can have too much of any age class. Craig offered that Minnesota may have a young age class problem. Sportsperson groups will pick up on this.

Dave Parent asked about merchantable volume. Mike responded that there are many health issues with older forests as well as reduced growth rates, which means less carbon sequestration. Craig said that there are a lot of unmarketable stands, such as 70-year-old aspen stands. These stands will remain forest, but the cover type will change. Mike replied that we should shift focus to improving quality. Consumers are demanding it with increasing frequency.

Dave Zumeta asked about the consideration of future generations – what can we expect with climate change and future trends in age class distribution? Lee said, with current energy policies, we can expect drastic changes in species distributions, and regeneration issues with deer browsing. There is special concern with species migration as Minnesota is at the intersection of three biomes.

Bob Owens said this discussion has focused on northern Minnesota. What about south eastern hardwoods and the quality of these forests? Lee responded that these tree species are able to migrate north with certain soil conditions. Mike added that there is substantial timber and wildlife value in these forests. Alan Ek said that we will see climate change, but we should consider genetic adaptability in addressing climate change. There are many complicated challenges, and a lot of the present Council will not witness them. What changes will we foster as a state to address the

challenge? Craig replied we need more information on how we can adapt, and what the role of nurseries may be in obtaining regeneration information.

Bob Stine said that focus on older forests may not be the right approach. Susan Solterman Audette asked about the northern goshawk, a wildlife bird species of special concern. She said that we do have a lot of older forests, but not in the areas that the goshawk requires for habitat. Craig responded that in forestry, goshawk habitat is a focus, and something that forests work to address. Lee added that climate change is probably a greater concern.

Mary Richards said that the ERF policy hasn't addressed fragmentation and parcelization. Mike replied that a study in Itasca County showed that two-thirds of all lands splits eventually had buildings constructed on them. This fragmentation will lead to substantial access and habitat changes. Dave Parent asked what it is that we want exactly. Small developments may improve county GDP.

Mike Trutwin asked about the decrease in harvest, how it affects us now, and how it may affect us in the future. Craig replied that more harvesting is likely in the middle of the normal rotation. This could make more wood available, but that may not result in more harvests. Fifteen years down the road, there will be a significant jump in available wood. It would be wise to support better and more marketing to sell this wood. Alan added that there has been a lot of historic fragmentation, we need to consider more than just the past 20 years. A lot species are threatened and we need forestry's input.

Gene Merriam posed a question for Forrest: how will you get information out (referring to the DNR ERF memo)? Forrest responded with a question: what does Gene imagine instructions will look like for this current year to DNR teams on improving ERF information and the monitoring program will look like? Gene said we need to meet current demand as well as act proactively to address future demand. Craig replied that we need to identify desired outcomes before making a plan. DNR will identify desired outcomes, then go back to revise SFRMPs. Dave Parent added that when adopting a business plan, it is important to define the desired product. Forrest replied that monitoring is central to adaptive management, and we all recognize the importance of older forests and representing all age classes. The DNR will try to make the policy more clear.

Don Arnosti added that it is valuable to hear the variety of perspectives on this issue. He is convinced there is a serious effort to address this issue and is pleased to hear about plans for improved monitoring. He suggests in the future that the DNR host a public forum before changing a policy, rather than changing the policy and retroactively asking for input.

Bob Stine introduced Don Janes, a private landowner.

#### **Public communications to the MFRC**

None.

**MFRC Member Comments**

Alan Ek mentioned he would like to see the Council bring data about threatened and endangered species to a motion and encouraged members to research this topic and provide comment at the next Council meeting. Dave Zumeta replied that the MFRC staff will pursue getting a speaker about the DNR Endangered Species listing process at the next Council meeting and will send the listing to Council members.

Wayne Brandt expressed shock that the DNR's rationale for proposed change in status in the state's List of Endangered, Threatened, and Special Concern Species are so short, at only about a quarter-page long for each species. He also introduced DeAnn Stish, a Minnesota Forest Industries lobbyist from Pickford Strategic Communications.

Mike Trutwin added that the speakers were very informative, and he appreciated hearing about DNR Trust Lands directly from the source.

Wayne Brandt moved, and Mary Richards seconded, adjournment of the meeting. *The meeting was adjourned at 3:30 pm.*